

Statutory Changes in the Free and Reduced-price Eligibility Determination Process
Including Converting Income on the Application for Free and Reduced-price Meals

Purpose:

To inform sponsors of the changes that affects the Free and Reduced-price Certification Process resulting from the Reauthorization Act of 2004.

To provide guidance on converting income on the Application for Free and Reduced-price Meals.

Scope:

Sponsors of the School Breakfast Program, the National School Lunch Program, and the Special Milk Program for Children

Description:

The Child Nutrition and WIC Reauthorization Act of 2004 (Public Law 108-265), enacted June 30, 2004, amended sections of the Richard B. Russell National School Lunch Act (NSLA) affecting the eligibility determination process for free and reduced-price benefits under the National School Lunch Program, School Breakfast Program, and the Special Milk Program. As a result of these changes (as listed below), the Application for Free and Reduced Price Meals and related materials must be updated for School Year 2005-2006.

Reauthorization Changes affecting the Free and Reduced-Price Certification Process:

- School districts are required to use household applications beginning in school year 2005-2006.
- Households must be informed on the free and reduced-price applications that WIC participants may be eligible for free or reduced-price meals.
- Homeless, migrant, and runaway youth are categorically eligible for free meals.
- Privatized military housing allowance is excluded from income eligibility determinations.
- School districts must have a no-charge telephone number for verification inquiries from households.
- Eligibility determinations are valid for the entire school year.

Income Frequency:

Many households have different sources of income at different frequencies, such as weekly or bi-weekly wages and monthly social security benefits. Past practice has been to convert all income to a monthly amount; FNS established a conversion factor of 4.33 for weekly income and 2.15 for bi-weekly income. However, use of these conversion factors has resulted in some perceived inconsistencies in the relationship between converted amounts and the weekly, bi-weekly, bi-monthly, and monthly income limits shown in the published Income Eligibility Guidelines. While these conversion factors have created some inconsistent results, no eligible household has been denied eligibility.

To avoid these problems, USDA is recommending the following procedures:

- If a household has only one income source, or if all sources are the same frequency, do not use conversion factors. Compare the income or the sum of the incomes to the published Income Eligibility Guidelines for the appropriate frequency and household size to make the eligibility determination.
- If a household reports income sources at more than one frequency, the preferred method is to annualize all income by multiplying weekly income by 52, income received every two weeks by 26, income received twice a month by 24, and income received monthly by 12. Do not round the values resulting from each conversion. Sum all the unrounded converted values and compare the unrounded total to the published IEG annual income for the appropriate household size.

School districts which are currently using software which uses the published conversion factors (4.33 for weekly income, 2.15 for bi-weekly income) to calculate household income on a monthly basis may continue to use that software, as long as the same income determination process is used for all households. School districts are encouraged to work with their software vendors to update the conversion methods.

Questions and Answers:

Question: Is a household application still considered one application? If two students attend the same school, is it considered two applications?

Answer: A household application for verification purposes is considered one application.

Question: Does the household application provision allow or require one application per household? Does it allow applications for each school which children attend if a parent chooses?

Answer: The Local Educational Agency (LEA) cannot require more than one application per household.

Question: Are foster children still to be on their own individual applications?

Answer: Yes. Each foster child is considered a household of one.

Question: What are the confidentiality standards for electronic signatures?

Answer: Section 105(a) of the Reauthorization Act explicitly permits applications with electronic signatures if the application is submitted electronically and the application filing system meets confidentiality standards set by USDA/FNS. Until we are able to issue specific guidance, we recommend State Agencies follow the same guidelines prescribed to Federal agencies by the Department of Justice (DOJ) for electronic transactions.

Question: Where and how should applications be kept?

Individual schools do not need to keep a copy of the applications on-site. The school food authority (SFA) or LEA can send only the Master List of Approved Free or Reduced-price students to the schools. The applications can be kept on file at the SFA or LEA. It is important that applications be numbered and that they correspond to the Master List so that applications can be pulled for CREs.

Question: What happens when one household submits multiple applications?

Answer: Most of the computer software used in the school food service program will catch multiple applications coming from the same household. Families will need to be contacted if the information on different submittals conflicts.

Eligibility Duration:

Question: Joint custody: If the mother applies and the children are approved as free and then the children move to the non-qualifying father's home, can the children remain in the free category?

Answer: Once a child's eligibility has been determined, it is in effect for the entire school year. If the father's home is in the same district, a new application is not necessary. If the father's home is in a different district, that district must establish eligibility. So, if the parents live in the same district, and the mother's household qualifies for free meals, and the father's household qualifies for reduced-price meals, then the child would be free.

Question: A household is known to have understated its income at the time of application. Can verification for cause still be done?

Answer: Yes. The statute continues to allow LEAs to exceed the required verification sample sizes. The LEA could approve the application on face value, but send a notice of selection for verification with the approval notice. With the tightened verification timeframe, LEAs will be selecting applications closer to the beginning of the school year. The one year duration does not apply to households whose applications are verified and the household's eligibility status changes.

Question: What if someone knows they are to begin a job in the very near future, at the time they apply? Or similarly, how do you handle people who work only 10 months out of the year and have no income in August?

Answer: Current guidance on how to handle temporary approvals and fluctuating income remains in effect. Otherwise, the intent of the law is to provide for approval for the entire year.

Question: Some households initially are approved for reduced-price and then lose income or increase household membership that would make them eligible for free benefits? Can their eligibility status be changed?

Answer: Households may always reapply to improve their benefits.

Question: Can households transfer their eligibility if they move out of the district?

Answer: If the new district is willing to accept applications from another district, then it is possible for households to carry their eligibility with them when moving. However, the new district is responsible for assuring correct eligibility of the household. The old school district may supply certification information to the new school district, but the onus is on the new district to prove that eligibility was correctly determined.

Source:

USDA, Food and Nutrition Service Policy #SP-12

USDA, Food and Nutrition Service, Questions and Answers Guidance, December 2004